



COVERING AMERICA'S KIDS: THE TRUTH ABOUT CHIP

Faulty rhetoric threatens kids as Congress renews the Children's Health Insurance Program

Congress created the State Children's Health Insurance Program (CHIP) in 1997 with wide bipartisan support – and CHIP has worked for America's kids in need. In CHIP's first decade, the number of low-income American children without health insurance fell by one-third.¹ Off-base rhetoric that mischaracterizes CHIP must not undermine its success.

Rhetoric: *Most CHIP-covered children could have private health insurance instead.*

Reality: **CHIP offers an alternative to parents who can't afford private coverage.**

- The Congressional Budget Office has reported that most parents who choose CHIP over available employer coverage do so because CHIP is more affordable, or the benefits are better, or both.²
- All public programs replace some private coverage, but that happens less often with CHIP. Three-quarters of Medicare beneficiaries had some form of drug coverage before the Part D benefit was enacted.³

Rhetoric: *CHIP is moving away from its mission of ensuring health care for low-income children for health care. Renewal of CHIP will provide coverage to children of wealthy families.*

Reality: **CHIP kids aren't rich kids – they're kids in need.**

- Ninety-one percent of all CHIP-covered children live in families with incomes at or below 200% of the Federal poverty level (FPL).⁴
- Only one state (New Jersey) has an eligibility level higher than 300% of FPL, and only one other state (New York) has taken steps toward raising eligibility levels above 300% of FPL. In those states, the majority of covered children still come from low-income families.

Rhetoric: *CHIP has turned into a health care program for adults, not kids.*

Reality: **Only eight percent of CHIP-covered individuals are adults, and the vast majority of covered adults are low-income parents of CHIP-covered kids.⁵**

- About 6,500 adults covered by CHIP are pregnant women receiving prenatal care vital to ensuring a healthy start for newborns.
- States that currently cover adults had to get permission from previous administrations to do so. The Bush administration granted 24 waivers for adult coverage in 15 states.
- In 2005, Congress prohibited new administration waivers allowing states to cover childless adults through CHIP. CHIP renewal will keep that ban in place.

Rhetoric: *Expansion of CHIP is an entitlement expansion and a move toward socialized medicine.*

Reality: **CHIP is a block grant program that mixes the best of public and private coverage.**

- Unlike entitlement programs, CHIP's spending levels are capped by Congress.
- The vast majority of states have a private market component for their CHIP programs.⁶ Benefits are modeled on private market benchmarks and often administered by private plans.

¹ *A Decade of SCHIP Experience and Issues for Reauthorization*, Kaiser Commission on Medicaid and the Uninsured, January 2007

² Congressional Budget Office (CBO), "The State Children's Health Insurance Program," May 2007.

³ CBO, *Issues in Designing a Prescription Drug Benefit for Medicare*, October 2002.

⁴ Congressional Research Service, *Congressional Distribution Memorandum*, May 30, 2008.

⁵ Congressional Research Service Report to Congress, "State Children's Health Insurance Program (SCHIP): A Brief Overview," March 12, 2008

⁶ Neva Kaye, Cynthia Pernice, and Ann Cullen, "Charting SCHIP III: An Analysis of the Third Comprehensive Survey of State Children's Health Insurance Programs," National Academy for State Health Policy, September 2006.